

A Work Project, presented as part of the requirements for the Award of a Master Degree in Management from NOVA School of Business and Economics.

THE STRATEGIC PLANNING PROCESS OF HYBRID ORGANIZATIONS USING THE
THEORY OF CHANGE:
EVIDENCE FROM *PASSO POSITIVO*

Mariana Correia Martins da Luz Costa
(31287)

A Project carried out on the Master in Management Program, under the supervision of:
Professor Miguel Alves Martins.

January 4th, 2019

Abstract

Nowadays, organizations, regardless of their nature, are shifting towards a state that combines both *social impact* and *income generation*. For the purpose of this project, hybrid organizations will be considered as the ones that seek primarily social impact but also require financial resources to achieve that same impact. The balance between the two components allows organizations to structure their priorities, vision and mission statements and short- and long-term goals. This work project aims to test the fit of the Theory of Change in the strategic planning process of hybrid organizations, taking *Passo Positivo*, a Portuguese Non-Governmental Development Organization, as a case of significance.

Key Words: Strategic Planning, Strategic Frameworks, Theory of Change, Hybrid Organizations

Table of Contents

1. Introduction	3
1.1. Organizations Involved in the Project.....	4
1.2. Onset of the project.....	4
2. Literature Review	5
2.1. Strategy and Strategic Planning	5
2.2. Social Purpose Organizations	6
2.3. Social Purpose Organizations and Profit-Driven Organizations	7
2.4. Frameworks for Strategic Planning	8
2.5. The Theory of Change	9
2.6. Literature Review Conclusions.....	9
3. Context Analysis	10
3.1. PEST analysis	11
3.2. SWOT Analysis of <i>Passo Positivo</i>	12
3.3. Stakeholder Mapping	13
4. The Theory of Change of <i>Passo Positivo</i>	14
4.1. Bottlenecks.....	16
5. Strategic Change	16
5.1. Values, Vision and Mission	16
5.2. Strategic goals and objectives.....	17
5.3. Results.....	18
5.4. Operations	18
5.5. Resources	19
5.6. Conclusions of the Process	20
6. Recommendations for <i>Passo Positivo</i>	20
7. Conclusion.....	22
7.1. Limitations and Recommendations.....	22
7.2. Main Conclusions and Future Research	24
8. References	26
9. List of Acronyms.....	29

1. Introduction

In January 2018, I contacted *Stone Soup Consulting* aiming to co-develop a project for my Master thesis. During our first talk, Cláudia Pedra, my mentor at *Stone Soup Consulting*, proposed that I address the topic of the Theory of Change as a strategic planning methodology, applying it to a real case. In July 2018, I started working alongside *Stone Soup Consulting* in the development of a strategic planning project for *Passo Positivo*, a Portuguese Non-Governmental Development Organization (NGDO), based in Porto, Portugal.

Currently, organizations, regardless of their nature, strive to develop dynamic strategies and fulfill complex needs in constantly-changing environments. *Passo Positivo* possesses scarce financial and human resources, which limit the action field and the quality of their services. *Stone Soup Consulting* was contracted by *Passo Positivo* with the main purpose of re-shaping the latest's strategy. *Passo Positivo* is expected to develop a solid fundraising strategy that will hopefully attract new forms of funding and thus, enhance its long-term financial sustainability. The project started with the development of a Theory of Change, where we reviewed *Passo Positivo*'s vision, mission and short- and long-term goals. Based on that, we worked together to develop a five-year strategic and fundraising plan that is expected to guide *Passo Positivo* on its journey for sustainable growth.

The paper starts with a literature review on the topics of strategy and strategic planning, Social Purpose Organizations (SPOs), and how these differ from Profit-Driven Organizations (PDOs), and a theoretical explanation of the concept of the Theory of Change. Based on Santos (2009), two extremes were presented: fully profit-driven organizations and fully impact-driven organizations. This led to the conclusion that there is more “in between” these two extremes than what some authors may argue and that, for different combinations of *social impact* and *income generation*, tailored strategies can emerge. Having said that, this report aims to test the Theory of Change as a valuable strategic framework capable of triggering change in hybrid

organizations, using *Passo Positivo* as a proof of concept case. The paper will go through the formal topics of a strategic planning process, having the Theory of Change and the Social Value Chain (SVC) as formal frameworks. The project starts with a context analysis, including PEST, SWOT and Stakeholder analysis, followed by the Theory of Change, where the main bottlenecks of *Passo Positivo* were assessed. The following topics are based on the change that needs to happen in order to enhance future impact. The main conclusions will comprise the fit of this approach in the context of organizations that seek to maximize their income while generating the maximum impact.

1.1. Organizations Involved in the Project

Stone Soup Consulting, founded in 2008, is a consultancy firm that provides services to various kinds of social organizations, from social businesses to Non-Governmental Organizations (NGOs), that aim to maximize their value. *Stone Soup Consulting* works in the field of Strategy and Operations, mainly with Social Impact Evaluation, Social Business Models and Scaling-Up Strategies. Contrarily to traditional consultancy firms, *Stone Soup Consulting* works alongside its clients, guiding their work and development rather than just advising them.

Passo Positivo is a NGDO, based in Porto, Portugal, that promotes and advocates the well-being of people in critical situations (low-income families and low-mobility elderlies) and gives training to humanitarian professionals. Currently, its work is divided in three different projects: *Banco de Fraldas*, *Vizinhos* and *Humanitus*¹. *Passo Positivo* strives to improve the well-being of its beneficiaries and, at the same time, empower them on their daily life.

1.2. Onset of the project

Passo Positivo wants to become financially sustainable in the long-term. Even though it is currently delivering relevant results both locally and at a national level, *Passo Positivo* struggles

¹ Check appendix 1.1 for detailed explanation of *Passo Positivo*'s projects

due to its lack of human and financial resources. The organization is currently run on a volunteering-basis and the managing team can only work outside normal working hours, possessing limited funding and depending on specific funders and punctual donations. In 2018, the organization was selected for two grant-programs financed by private corporations: *Fidelidade Comunidade* (Fidelidade) and *BPI Senior* (Banco Português de Investimento - BPI). These two grants ensure the short-term sustainability of the organization; nevertheless, in order to strengthen its autonomy, *Passo Positivo* partnered with *Stone Soup Consulting* to refigure priorities, goals and internal and external strategies. The project aims to deepen the understanding of *Passo Positivo*'s key-issues, contributing for its long-term sustainability. The output of the project will be a strategic plan that comprises a time span of five years, starting in 2018, and includes a fundraising strategy for future use. I will hereby test, throughout my dissertation, the fit of the Theory of Change as a strategic framework in organizations that, just like *Passo Positivo*, are shifting from one state of *social impact* and *income generation* to another.

2. Literature Review

The literature review begins with an overview of the concepts of strategy and strategic planning in the organizational context. Moreover, it will be presented the concept of SPOs and how these differ from PDOs. Two extremes will thereby be presented: in the first case, one in which organizations solely seek social value; and, in the second case, one in which organizations only strive for profit. Furthermore, four strategic frameworks will be introduced and compared, in the conclusions of this paper, with the Theory of Change. Lastly, the concept of the Theory of Change will be presented.

2.1. Strategy and Strategic Planning

Strategy is the direction an organization takes over the long-term, enabling it to cope with a changing environment and gain advantage over the existing competition (Johnson and Scholes,

1993). Strategic planning is the process of understanding the organization's direction while allocating its resources in the most efficient way (Bryson, 2011). Planning helps members prioritizing tasks and improving processes. However, strategic planning is neither static or predictive, it is rather a learning and flexible process that enables organizations to adapt in constantly changing environments (Mintzberg, 1994). In other words, strategic planning is one key factor of an organization's performance as it enhances the adaptation to both external and internal changes (Santos, 2011). Santos (2011) claims that "the performance of a company is the outcome of the complex dynamic interaction between its environment (E), its organization (O) and its strategy (S)"². Each element of the equation³ affects the other two in a dynamic, non-linear, asymmetric and non-malleable way.

2.2. Social Purpose Organizations

SPOs positively impact society (Tan et al., 2005) by transforming social capital (Alvor et al., 2004) in concrete solutions for social issues (Baron, 2007) in many different areas – health, education, social services or community development. SPOs foster "the creation of viable socioeconomic structures, relations, institutions, organizations and practices that yield and sustain social benefits" (American Institute of Science, 2015). SPOs are known for their role of identifying and suppressing common social needs through innovative methods (Franco et al., 2005). SPOs are impact-driven, meaning they seek "a significant, positive change that addresses a pressing social challenge" (Business+Impact, 2014). Santos (2009) stresses that SPOs "appear to be run for the benefit of specific users or society as a whole" by operating "in the pursuit of certain [social] values".

² The EOS Model (Santos, 2011)

³ Performance = Environment * Organization * Strategy

2.3. Social Purpose Organizations and Profit-Driven Organizations

The previous topic introduced a formal definition of SPOs that contrasts with the concept of PDOs. The last refers to organizations or individuals that are profit-driven, meaning their primary goal is income generation that fulfills the shareholders' expectations (BusinessDictionary, 2018). Santos (2009) distinguishes SPOs and PDOs on value creation versus value appropriation. On the one hand, SPOs engage on value creation, i.e. increasing an activity's utility for society; on the other hand, PDOs are fully focused on value appropriation, i.e., when a portion of the value created can be captured by the organization (Santos, 2009). For the purpose of this paper, SPOs and PDOs will be differentiated based on these criteria. Therefore, it is possible to outline two extremes⁴: organizations that are fully profit-driven and organizations that are fully impact-driven. In this context and having in mind these are hypothetical situations, fully profit-driven organizations do not consider social impact on its mission, and fully impact-driven organizations do not seek to generate profit or any kind of revenue (Table 1).

Table 1 - Social Purpose and Profit-Driven Organizations

Fully Impact-Driven organizations	Fully Profit-Driven Organizations
<ul style="list-style-type: none">• Community Focus• Sustainable solutions• Systems of cooperation (intra- and inter-organizations)• Run to benefit users and community• Empowerment of people	<ul style="list-style-type: none">• Self-interest• Sustainable competitive advantage• Organization-centered• Run to defend the interest of their stakeholders, including shareholders• Controlling systems

Given the concept of strategy, i.e. the direction an organization takes over the long-term, it is possible to state that strategic planning differs according to the organizational end. At one extreme, PDOs define their strategy according to the shareholders' needs, while, on the other

⁴ Appendix 1.2

extreme, organizations seeking social impact look to a broader picture that includes beneficiaries, the society, members or the mission statement. While impact-driven organizations will pursue some kind of positive societal change and adapt their strategy to that same context; profit-driven corporations will look upon profit maximization when defining the long-term strategy.

2.4. Frameworks for Strategic Planning

Strategic planning has the same essence in all kinds of organizations. It aims to define what to accomplish and how to do so, in order to respond to a dynamic environment (Allison and Key, 1997). Nonetheless, the formulation of a strategy, based on specific frameworks, differs among organizations as it aims to “identify, classify and understand the principal factors relevant to strategic decisions” (Grant, 2010). Based on literature, it is possible to highlight four different frameworks: McKinsey’s Strategic Horizons; the Balanced Scorecard; the Ansoff Matrix; and the Stakeholder Model. The first three frameworks are typically applied in the context of PDOs, whereas the last performs on both PDOs and SPOs, solely depending on the considered stakeholders. The Strategic Horizons framework⁵ targets growth and revenue streams for existing initiatives and future market opportunities (McKinsey&Company, 2009). The main advantage of this framework is its capability to adapt to environmental changes. The Balanced Scorecard framework⁶ defines KPIs and tracks results on four major fronts: customer & stakeholder; financial; internal business process; and organizational capacity (Balanced Scorecard Institute, ND). The Balanced Scorecard links the four components, aligning the day-to-day activities to the organization’s mission. The Ansoff Matrix⁷ was designed to assess different strategies for future growth in new and existing markets (Ansoff, 1957). The framework settles different mission statements of “a product line and the corresponding set of

⁵ Appendix 2.1

⁶ Appendix 2.2

⁷ Appendix 2.3

missions which the products are designed to fulfil” (Ansoff, 1957). The Stakeholder Model framework⁸ considers strategy as a form of adding value to key stakeholders, from employees to shareholders or the society in general (Freeman, 2010). It allows flexibility and acts upon both internal and external concerns.

2.5. The Theory of Change

The Theory of Change is “a set of beliefs and assumptions about what changes need to happen and how to bring them about to reach a stated goal” (Clark et al., 2013) that was once designed for performance evaluation and monitoring. Theories of Change “establish a context for considering the connection between a system’s mission, strategies and actual outcomes, while creating links between who is being served, the strategies or activities that are being implemented, and the desired outcomes” (INSP, 2005). The Theory of Change, contrarily to Logic Frameworks, comprises a broader and more strategic scope, rather than part of an operational process. The Theory of Change is a backward-mapping tool that links long-term goals to changes that need to happen (Clark et al., 2013). The output of this reasoning will consist of a “road map”, or “causal chain”, that identifies the ecosystem and the involved actors and how they affect (positively and negatively) the organization (Keystone, 2008, Clark et al., 2013). Strategic planning through the Theory of Change considers the SVC⁹ and works it backwards, i.e. starting from the impact an organization aims to achieve and closing with the required inputs that make that impact possible. This process allows organizations to focus on results rather than methods and narrows their field of action.

2.6. Literature Review Conclusions

Strategic planning is a key-element of the success of an organization, regardless of its nature. It enables organizations to understand and better allocate their resources and competences,

⁸ Appendix 2.4

⁹ Appendix 2.5

furthering strengths to compete in dynamic environments. Based on Santos (2009) approach, two situational extremes were presented: fully impact-driven organizations (value creation) and fully profit-driven organizations (value appropriation). Defining these two extremes allows to understand that there is much more “in between” and that these differences may lead to alternative strategic planning processes. Organizations shifting to hybrid business model have “a social mission” as “the primary goal, but they still aim to generate enough commercial revenue so they can survive and thrive without depending on charitable donations like a typical nonprofit would” (Nobel, 2011). Different states of balance between value creation and value appropriation should then be considered, such as SPOs that aim to create value through its activities, while appropriating value for its own sustainability and reinvesting in growth. In addition, literature has defined specific strategic frameworks for PDOs and SPOs, based on the organizational end. Organizations that place themselves in the middle of the two extremes lack formal strategic frameworks given their particular attribute that balances *social impact* and *income generation*. This paper aims to test the Theory of Change as a strategic framework for hybrid organizations, using *Passo Positivo* as an example. *Passo Positivo*, a NGDO by nature, is shifting towards a state that combines *social impact* with *income generation* and thus it can be placed somewhere between the two extremes (Appendix 1.2). *Passo Positivo* pursues the maximization of its impact, considering the tradeoff between the maximum number of beneficiaries reached and the quality of services provided; and, at the same time, it needs financial resources to enhance its long-term financial sustainability and proceed with its activities.

3. Context Analysis

Context analysis is the process of analyzing the environment where an organization operates, both internally and externally. Hence, to assess the environment of *Passo Positivo*, a PESTEL analysis, a SWOT analysis and a stakeholder mapping were conducted. The first will allow to

seize the existing market opportunities and constraints that can positively and negatively affect the organization. The second evaluates the main strengths and weaknesses of the organization and the last provides a broader insight of the parties that affect and are affected by it.

3.1. PEST analysis

The PEST analysis allows to assess the external environment of NGDOs, according to political-legal, economic, social and technological factors. In political terms, Portugal has a stable governing structure due to the democracy implemented decades ago. External policies are reshaping the current legislation, more specifically in the hosting of refugees, through the Refugee Support Platform¹⁰, which led to an investment in professional training and rose awareness towards the issue. Portuguese NGDOs also benefit from their legal status, being exempted from income taxation¹¹ and value-added taxation when receiving donations or organizing punctual events¹². Even though the government is launching the Social Investment Fund, worth €55 million, financing options for NGDOs are still scarce and limited. A study conducted by the Calouste Gulbenkian Foundation (2015) has shown that, in some cases, Portuguese social organizations can depend up to 85% on public funding.

The Portuguese economy is currently facing a growth period, which can lead to an expansion in the main activities. Organizations may expect an increase of the contributions for social causes through donations and volunteering taskforce. Nonetheless, this economic growth cannot be directly translated into reductions of the poverty levels. As such, the national poverty index has shown that the differences between 1994 (28%) and 2016 (27%) are not that meaningful (PORDATA, 2018) and there is still room for social initiatives. Besides, the aging index has been growing at a steady pace¹³, paving the way for social organizations and programs

¹⁰ Plataforma de Apoio ao Refugiado (PAR)

¹¹ Corporate Income Tax Code (CIRC), Article 10, 1 a), b) and c)

¹² Article 15, 10 a), Value Added Tax Code (CIVA)

¹³ Appendix 3.1

that aim to minimize the government's lack of support. Recent events involving well-known nonprofit organizations have, however, tarnished the sector's reliability. People may get more cautious about their donations, while some choose to abandon volunteering activities.

Technology, mainly due to the trivialization of the Internet, has come to benefit organizations. Currently, access to crucial information is "one click away". NGDOs can easily get to their stakeholders using technology, and vice-versa, like social networks and webpages that reach a wider audience, from beneficiaries to donors and volunteers. Internally, organizations benefit from faster and permanent ways of communication, such as WhatsApp or Facebook, and centralized and free-of-charge online platforms, like Google Drive or Dropbox. The downside is that software and hardware can be hacked and then lead to fraud, affecting the organizations' image. Besides, the General Data Protection Regulation¹⁴ can hold back some processes, mainly in direct external communication and marketing.

3.2. SWOT Analysis of *Passo Positivo*

The SWOT analysis of *Passo Positivo* allows to position the organization according to its main strengths and weaknesses, given the external context's opportunities and threats presented in the PEST analysis. The cross-checking process between the two, a Force Field Analysis¹⁵, generated strategies and solutions for opportunity seizing and threat easing. *Passo Positivo*'s strengths come mainly from its human capital and expertise, while its weaknesses are mainly linked to the lack of financial and human resources that inhibit long-term financial sustainability. The SWOT analysis is structured as follows (Table 2).

¹⁴ Regulation (Eu) 2016/679 of the European Parliament and of the Council of 27 April 2016

¹⁵ Appendix 3.2

Table 2 - The SWOT analysis of *Passo Positivo*

Strengths	Weaknesses
<ul style="list-style-type: none"> • Strong managing team, fully committed to the organization's mission; • Diverse background of the team members; • Experienced members in the health sector and humanitarian field; • Relevance of the projects; • Awareness towards the population needs; • Successful performance record; • Important partnerships and strong network; • Known initiatives, like <i>Banco de Fraldas</i>. • Selected for <i>Fidelidade Comunidade</i> and <i>BPI Senior</i> awards. 	<ul style="list-style-type: none"> • Lack of funding; • High dependency on grants and punctual donations; • Managing team working on a volunteering/part-time basis; • Lack of human resources – members and volunteers; • Daily tasks are more time-consuming and sometimes ineffective; • Lack of physical materials – e.g. office.
Opportunities	Threats
<ul style="list-style-type: none"> • Portuguese economic growth; • Increasing awareness towards social issues; • Technological progress and the internet have allowed to reach and attract more volunteers and investors; • Growing demand (demographic factors); • Lack of government solutions for the social needs tackled. 	<ul style="list-style-type: none"> • Lack of government funding for social organizations; • Limited private financing; • Large number of NGOs (45.7% of the whole social economy in 2013) and other social organizations (IPSS, Misericórdias, etc) competing for the same type of funding (private and public); • Loss of credibility of third sector organizations due to recent situations of corruption; • Easy to copy initiatives – no “copyrights” protection in the third sector.

3.3. Stakeholder Mapping

The stakeholders mapping helps understanding who the key stakeholders are and the extent to which these affect the organization (BSR, 2011). The process of mapping includes four stages: identification; analysis; visual mapping; and prioritization according to power and level of interest. The process of assessing the interest and power of each stakeholder was done through a Mendelow's matrix¹⁶.

Stakeholders can be categorized as internal, connected or external stakeholders. *Passo Positivo*'s internal stakeholders are members of the organization, such as the board of directors, staff, interns and volunteers, who have a direct relationship with the organization. Connected stakeholders are the ones who have a contractual relationship with *Passo Positivo*, such as

¹⁶ Appendix 3.3

partners, suppliers, individual donors, funders, competitors and beneficiaries. The external stakeholders include every individual or entity indirectly related to *Passo Positivo* that can influence or be influenced by it, such as the Portuguese government, the local community, the general public and the media.

The stakeholders with low level of interest are the general public, partners, suppliers and the media. The local community, the government, individual donors, competitors, funders, members and beneficiaries represent the group of stakeholders with a higher level of interest. Concerning the level of power, the stakeholders with lower influence are the general public, the local community, the government, individual donors and the competitors. Stakeholders that influence the organization the most are partners, suppliers, the media, members, funders and the beneficiaries.

In conclusion, the general public requires a minimum effort from *Passo Positivo*, while the local community, the government, individual donors and the competition must be kept informed due to their capability of gaining influence in the long-term. The existing partners, suppliers and the media must be kept satisfied, as these, while having a low level of interest, can still influence *Passo Positivo*'s performance and image. Lastly, the key players that require a greater participation in *Passo Positivo*'s strategy are its members, the beneficiaries and funders like *BPI* and *Fidelidade*.

4. The Theory of Change of *Passo Positivo*

The Theory of Change requires the understanding of the organizational mission and proposed solution for a certain problem, as these shape the overall activities, outputs and impacts. The Theory of Change narrows the focus of an organization by reinforcing the need for impact generation. Impact can be generated if the strategy of an organization is aligned to its external context. Internally, the Theory of Change allows to focus on organizational problems that limit growth or interfere with the normal course of activities. The process of structuring the Theory

of Change of *Passo Positivo* started by an initial understanding of the social problems it aims to address. *Passo Positivo* strives to 1) improve the well-being of its beneficiaries, from children to elders, through diaper distribution; 2) empower low-income elders through the prevention of home accidents by providing home assistance services; and 3) train and educate humanitarian volunteers and professionals, preventing traumatic situations and promoting Global Citizenship Education in schools and universities. The Theory of Change was structured as follows, considering the SVC:

Table 3 - The Theory of Change of *Passo Positivo*

Resources	Activities	Direct Results	Beneficiaries	Outcomes	Impact
				Short-, medium- and long-term	
Financial	<i>Banco de Fraldas</i>	# of collected and distributed diapers	Low-income families, children and elders	<ul style="list-style-type: none"> • Child well-being; • Autonomy and dignity. 	<ul style="list-style-type: none"> • Improvement of the children well-being; • Decrease of social isolation and exclusion.
	<i>Vizinhas</i>				
	<i>Humanitus</i>				
Human	<i>Workshops</i>	# of families and babies with access to the diaper bank	Elderly people with low mobility, technicians, caregivers	<ul style="list-style-type: none"> • Prevention of home accidents; • Decline of public health risks; • Greater safety, hygiene and comfort levels. 	<ul style="list-style-type: none"> • Increase of physical and psychological well-being. • Better quality of life.
Material	Psychological support	# of people trained			
Strategic partners	Awareness campaigns at schools	# of workshops	Volunteers and professional humanitarians	<ul style="list-style-type: none"> • Greater performance; • Psychosocial skills improvement; • Reduction of post-traumatic stress levels. 	<ul style="list-style-type: none"> • Increase of physical and psychological well-being.
	Fundraising campaigns	# of people with psychological support			
	Scientific events		Teachers and students	<ul style="list-style-type: none"> • Greater knowledge in the field of human rights. 	<ul style="list-style-type: none"> • Improvement of the global citizenship competences.

In general, *Passo Positivo* strives to have one concrete impact: increase the beneficiaries (children, elders, volunteers and humanitarian professionals) well-being.

4.1. Bottlenecks

Mapping the Theory of Change allows to identify key performance issues organizations may be facing. These same issues, given the context presented above, must be amended in order to create change. Given the Theory of Change conceived for *Passo Positivo*, it is possible to stress two strategic issues. Firstly, the broad scope of activities and projects, focused on three different areas, poverty, social exclusion and education, that work on their own rather than complementing the others. Secondly, *Passo Positivo* lacks financial and human resources on its daily activities. These two constraints can lead to growth challenges in the future and limit the overall performance. Greater impact will only be attained if change happens in the constraining elements.

5. Strategic Change

Strategic change allows to realign the activities of an organization according to changes external changes (Balogun and Hope, 2008). Morino (2011) claims that, in order to generate greater impact, organizations must first clarify the change they seek and how to accomplish that. *Passo Positivo* seeks long-term financial sustainability that will foster impact on its beneficiaries' lives. To trigger this change, *Passo Positivo* must first reformulate key aspects of its strategy according to the Theory of Change, considering its external context. The process will consist on a backward mapping of the SVC that will comprise the vision and mission statements, strategic goals and objectives, operations, and resources¹⁷.

5.1. Values, Vision and Mission

The Theory of Change settles the vision as the impact an organization aspires to have. The vision is only attainable through the mission, or, in other words, the long-term outcomes of the organization. The mission statement defines the purpose of the organization, identifying the

¹⁷ Appendix 5.1 for the Social Value Chain in the strategic planning context

main goals, beneficiaries and fields of action. After conducting the Theory of Change, it was possible to reformulate *Passo Positivo*'s vision and mission¹⁸ according to its core values.

The three elements are formally settled as follows:

Values: accessibility; neutrality; self-determination; clarity and accuracy; empowerment and training; equality.

Vision: Promoting the exercise of the global citizenship by ensuring the safety and well-being of vulnerable people and the ones working on situations of crisis.

Mission: Ensuring the safety and well-being of vulnerable people or the ones working on situations of crisis and thus empower them, while mitigating the lack of formal support, in partnership with other institutions, and impacting the future generations in the context of global citizenship.

This exercise enabled the definition of *Passo Positivo*'s direction for the long-term, more specifically, the strategic goals and objectives.

5.2. Strategic goals and objectives

Strategic goals are medium- to long-term outcomes that embody the mission's statement. Objectives are specific and concrete outcomes an organization aims to achieve in the short-term (one to three years) that will lead to a corresponding strategic goal. Each objective follows the SMART methodology, meaning they are specific, measurable, attainable, relevant and time-limited. From the Theory of Change presented above, it is possible to define *Passo Positivo*'s strategic goals as follows: 1) Ensure the financial sustainability of the organization; 2) Strengthen internal processes that will allow better communication (internally and externally); 3) Empower people so they can exercise their human rights on their daily life; 4) Guarantee the safety and well-being of vulnerable people or the ones working in crisis situations; and 5)

¹⁸ Appendix 5.2

Ensure the scientific basis of *Passo Positivo*'s work. For each strategic goal, two or more objectives¹⁹ and tangible outcomes were settled. These objectives will be attainable through the activities the organization will perform on a specific time span, formalized on a Gantt Chart²⁰.

5.3. Results

The operational results are the outputs that can be measured by the amount of goods and services provided. *Passo Positivo* defined four results for the future: increase the number of direct beneficiaries²¹; expand the field of action; identify new strategic areas; develop new strategic and fundraising methodologies. Based on the results from the past eight years', the expected impacts are the following: greater strategic coherence; financial sustainability; and greater quality of services. Four indicators²² were developed to assess future results, each one considering one main group of beneficiaries. These indicators are quantified in percentages and number of occurred events.

5.4. Operations

SPOs are usually perceived as less efficient or outcome-driven. They tend to focus on the end without first assessing the means that will lead to that same end. Change can only be effective if organizations start by prioritizing their tasks and main activities. In other words, one must understand the tradeoff between the number of possible beneficiaries and the effectiveness of the proposed solutions. *Passo Positivo* has three different projects, *Banco de Fraldas*, *Vizinhos* and *Humanitus*, that work on three different areas: poverty, social exclusion and education. With the current resources it possesses and the external conditions, *Passo Positivo* is unable to be efficient in all the three. Hence, in order to prioritize its efforts, two Positioning Matrixes²³ were developed: one that considers "Easiness of Implementation" and "Contribution to

¹⁹ Appendix 5.3

²⁰ Appendix 5.4

²¹ Appendix 5.5

²² Appendix 5.6

²³ Appendix 5.7

Sustainability”, and another that crosses “Easiness of Implementation” and “Contribution to Mission”. Criteria was evaluated on a 0 to 5 scale and the projects ranked as follows.

Contribution to sustainability	Contribution to Mission
1) <i>Banco de Fraldas</i> , 2) <i>Vizininhos</i> , 3) <i>Humanitus</i>	1) <i>Vizininhos</i> , 2) <i>Banco de Fraldas</i> , 3) <i>Humanitus</i>

5.5. Resources

Resources can be defined as the attributes, from financial to personnel, material or know-how, an organization possesses that enable it to function. It is possible to outline four resources *Passo Positivo* requires on its day-to-day activities: financial, human, material and strategic partnerships. In light of the Theory of Change, *Passo Positivo* must revise the process of resource management that will lead to the generation of greater impact. Hence, the team worked in three different angles: internal changes in human resources, recasting of the existing partnerships (Partnership Mapping), and development of a fundraising strategy. Material resources were not taken into consideration as changing its allocation will not have immediate repercussions.

Internal changes²⁴ will require shifting, in some cases, from volunteering to professional work. *Passo Positivo* is hiring two part-time employees to work on Marketing & Communications and support in partnership management and fundraising²⁵. Quality management will be overseen by external consultants or specialized partners. The remaining team will continue working on a volunteering-basis, partly supported by the two Marketing & Communications responsible. The wages of the two employees will be fully endorsed by the *Fidelidade Comunidade* award. Regarding the existing official and unofficial partnerships, these were firstly assessed to understand the relevance of each partner for a specific strategic goal. From the initial list, 15 key-partners²⁶ were considered. Lastly, the recasting of the current financial

²⁴ Appendix 5.8 for *Passo Positivo*’s organizational chart

²⁵ Wages are supported by *Fidelidade Comunidade* and *BPI Senior* awards

²⁶ Appendix 5.9 for complete list of partnerships

resources, mainly private donations and grants, led to the development of a new fundraising strategy. The fundraising strategy, part of the strategic plan, prioritizes the different fundraising techniques, structure the team internally and distribute its efforts throughout a 3-year period (2019-2021). Structuring the fundraising mechanisms not only allows to better use the internal resources, it also attracts private donators and grant-givers.

5.6. Conclusions of the Process

Mapping the Theory of Change in social organizations, like *Passo Positivo*, structures the process behind the impact that will further be generated. In addition, it clarified the direction that *Passo Positivo* must take in the long-term by turning the different outcomes²⁷ of each project into one major impact: the beneficiaries' well-being. From the exercise, *Passo Positivo* was able to restructure the vision and mission statements, as well as its short-, medium- and long-term objectives. The context analysis of *Passo Positivo*, followed by the initial Theory of Change, provided an understanding of the current bottlenecks the organization is facing, both internally and externally. The proposed change, that is expected to support overcoming these challenges, is structured according to the SVC and tackles strategic and operational aspects of the organization. In general, the process helps structuring activities and allocating resources by focusing on the impact (vision), long-term outcomes and medium-term outcomes (mission and strategic goals) and short-term outcomes (objectives). In conclusion, the Theory of Change of *Passo Positivo* was successful in redesigning the overall strategy, adapting it to the external context and considering the internal capabilities of the organization.

6. Recommendations for *Passo Positivo*

The process of planning and defining a strategy leads to more efficient resource usage and prioritization, according to the internal and external contexts. Assessing the internal key-issues

²⁷ Reduce 1) social and economic vulnerability; 2) the lack of non-integrated social services; 3) the negative effects of elderlies' urinary incontinence; 4) domestic accidents (causes and consequences); and 5) limited training opportunities in the field of human rights.

Passo Positivo was facing allowed to generate a set of recommendations that comprises both the lack of human and financial resources and the broadness of its projects. First of all, *Passo Positivo* should consider hiring through government programs for employability, such as the Institute for Employment and Vocational Training's (IEFP) internships²⁸, or international programs like INOV Contacto²⁹ and Erasmus+ Internship program³⁰. These programs do not entail extra costs for *Passo Positivo* and are a great source of skilled staff. Secondly, I recommend *Passo Positivo* to co-organize training initiatives with its main partners and other NGOs, going through topics like knowledge sharing, best practices of management and administration in the field of nonprofits or useful tools for resource, stakeholder, marketing and communications management. Concerning the funding needs, the applications to some national and international programs are very time- and resource-consuming. In my opinion, *Passo Positivo* should have one element of the staff specialized in grant application and responsible for tracing opportunities and managing the overall process.

The focus on the existing projects should also entail some changes. From the performed analysis, featured in topic 5.4, it is possible to conclude there are two projects of more relevance to the sustainability and the mission of the organization: *Vizinhos* and *Banco de Fraldas*. I recommend *Passo Positivo* to enhance its position among internal and external stakeholders by focusing on the projects that best mirror its mission and better contribute for its long-term sustainability. *Vizinhos* provides a service in full to both elders, through *Casa Sénior*, and low-mobility individuals. The project entails a broad community of stakeholders, such as the beneficiaries' families, insurance companies or social security, giving room for future service fees. I recommend *Passo Positivo* to consider a hybrid fee model in which individuals and families pay according to their income bracket. In this manner, low-income individuals, one of

²⁸ Appendix 6.1 for eligibility requirements

²⁹ Appendix 6.2 for hosting requirements

³⁰ Appendix 6.3 for receiving organization obligations

the main stakeholders of *Passo Positivo*, would be free of charge and likewise benefit from the service. The *Banco de Fraldas* project should continue running in the same way due to the financial situation of its beneficiaries, who are unable to pay for the service. However, *Banco de Fraldas* can benefit from the commonality of beneficiaries, the elders, with the *Vizinhas* project. In my opinion, *Passo Positivo* should use common partnerships, logistics and staffing in order to build a more concise and stronger image.

7. Conclusion

The aim of the project with *Stone Soup Consulting* was to develop a strategic plan for *Passo Positivo* that would also comprise a fundraising strategy. The definition of clearer objectives allowed *Passo Positivo* to better structure its activities and focus on key-issues. The final outcome of the project is expected to give a clearer strategic path for the future of *Passo Positivo*. In parallel to the project, I have been studying the applicability of the Theory of Change as a strategic framework for organizations that place themselves “in between” the two extremes presented in the literature review, in contrast with the existing frameworks that some authors refer to. The study combines common methodologies, such as the PEST, SWOT and Stakeholder analysis, with more specific tools, like the SVC, which allowed to seize the limitations of the presented frameworks.

7.1. Limitations and Recommendations

First of all, the assessment of the external context through a PEST analysis was not enough to depict the social sector in full. Even though the PEST analysis provides an overview of the sector, it does not reflect how social organizations contribute to societal changes and social progress. Besides, the analysis does not consider the dynamics of the sector, which are frequently in mutation. Periodical PESTE analysis, comprising Ethical factors, would be preferable. The Ethical factors of an organization define the social values of the context it

operates in. Performing this analysis on a frequent basis provides social organizations with measurable impact they had on the given context, especially at an ethical level.

Secondly, organizations like *Passo Positivo*, that run as conglomerates of projects, should consider developing individual SWOT analysis for each initiative. Each project is unique and comprises specific strengths and weaknesses, as well as market opportunities and threats. It is crucial to understand these differences and build specific strategies for each. A SWOT Action Plan would cover a more complete analysis by crossing the different aspects of the SWOT analysis and developing concrete strategies to maximize opportunities and minimize threats, using the existing strengths and weaknesses. Therefore, individual SWOT analysis for each project should be performed in the first place, being then followed by a general SWOT Action Plan that would join together the different positive and negative aspects of each initiative.

Lastly, in the stakeholder mapping, it would be interesting to understand the intra-stakeholder's dependency, as, in this context, stakeholders work in collaborative networks. The Stakeholder Circle (Bourne, 2012) is a management tool that guides organizations in identifying, prioritizing, visualizing, engaging and monitoring stakeholders. It gives a visual representation of the relationship organizations have with each stakeholder and how the community of internal and external stakeholders relate. When assessing the competition, it would also be valuable to size how organizations collaborate in the generation of similar social impact. Santos (2009) purposes an approach of collaborative forces, instead of the traditional competitive five forces (Porter, 1979). The Value Creation Framework³¹ defines strategies for collaboration rather than competition and empowerment instead of bargaining power.

Literature suggests that frameworks such as McKinsey's Strategic Horizons, the Balanced Scorecard or the Ansoff Matrix better fit PDOs and that the Stakeholder Model can fit both PDOs and SPOs. Nonetheless, hybrid organizations lack formal frameworks that consider both

³¹ Appendix 7.1

their need for *income generation*, *social impact* and the balance among the two. The first set of frameworks is highly centered on generating growth in sales and revenue or measuring internal results; while the second suggests that strategy must go according to the willingness of stakeholders. The Theory of Change comes as a more complete framework for these organizations. By being beneficiary-centered, it aligns strategy with impact, in the sense that all strategic goals and objectives were design to match the social impact that must be generated: the well-being of the beneficiaries. Besides, mapping the SVC gives a clear view of the means that lead to a concrete end. In the example, it was possible to assess the two main constraints of *Passo Positivo* and propose recommendations for future implementation.

However, the Theory of Change can be somehow restrictive for PDOs, as the main focus of the framework is the end beneficiary rather than the shareholders' interests. PDOs that are shifting towards a hybrid business model may apply the Theory of Change to sustainability or social responsibility departments but not to their overall structure. The Theory of Change can also be limitative to organizations running as conglomerates that have diversified projects and initiatives. In some cases, each initiative runs on itself and has a proper strategy and end. In that case, there must be a connection between each initiative and the overall organizational impact that will make the Theory of Change more meaningful.

7.2. Main Conclusions and Future Research

Hybrid organizations that strive in different contexts are affected by a variety of dynamic factors. The set of strategic tools that was first applied can be enlarged to give broader insight of the context of hybrid organizations and thus mitigate the effects of its dynamics. Hence, performing periodical PESTE analysis that consider Ethical factors, individual SWOT analysis combined with a general SWOT Action Plan, a Stakeholder Circle and a Collaborative Five Forces analysis would give a more complete overview of the external and internal context of *Passo Positivo*. The process of planning strategically is facilitated by the Theory of Change as

it allows to focus primarily on the impact to be generated, establishing the overall objectives thereafter.

In sum, the case of *Passo Positivo* has shown the relevance of the Theory of Change in the strategic planning process. The framework gave a clear structure to the organization's strategic and operational aspects based on the impact it aims to achieve. Nonetheless, *Passo Positivo* is currently a purely social NGDO that runs as a conglomerate of projects and is shifting towards a hybrid model, limiting the scope of the project to this same example. As shown in the Literature Review, hybrid organizations can take many forms. For future research, I recommend the application of the Theory of Change and the proposed strategic tools to other organizations placed in between the two extremes (Appendix 1.2). At the same time, testing the Theory of Change as an enabler for strategic change in individual initiatives of different conglomerates would add value to the academia. One must thus consider how the combination of individual strategies can contribute to the overall impact tackled by the Theory of Change. This strategic approach matches both the application of the Theory of Change in hybrid organizations and in conglomerates and, hopefully, will give a broader perspective of the Theory of Change as a meaningful and efficient strategic framework in different types of organizations.

8. References

- Allison, Michael, and Kaye, Jude. 1997. *Strategic Planning for Nonprofit Organizations: A Practical Guide and Workbook*. Wiley.
- Alvor, Sarah H., Brown, David L., and Letts, Christine W. 2004. "Social Entrepreneurship and Societal Transformation: An Exploratory Study." *The Journal of Applied Behavioral Science*, 3: 260-282.
- Ansoff, I. 1957. "Strategies for Diversification." *Harvard Business Review*, 35: 113-124.
- Balanced Scorecard Institute. ND. "About the Balanced Scorecard." Accessed December 6, 2018. <https://www.balancedscorecard.org/BSC-Basics/About-the-Balanced-Scorecard>
- Balogun, J., and Hailey, V. Hope. 2008. *Exploring Strategic Change*. Prentice Hall.
- Baron, David P. 2007. "Corporate Social Responsibility and Social Entrepreneurship." *Journal of Economics & Management Strategy*, 3: 683-717.
- Bourne, L. 2012. *Stakeholder Relationship Management: A Maturity Model for Organisational Implementation*. Gower Publishing, Ltd.
- Bryson, John M. 2011. *Strategic Planning for Public and Nonprofit Organizations: A Guide to Strengthening and Sustaining Organizational Achievement*. San Francisco: Jossey-Bass.
- BSR. 2011. "Stakeholder Mapping." *Business for Sustainable Responsibility*.
- Business+Impact. 2014. "What is Social Impact?." Accessed November 4, 2018. <https://socialimpact.umich.edu/about/what-is-social-impact/>
- BusinessDictionary. 2018. "For Profit Organization." Accessed November 5, 2018. <http://www.businessdictionary.com/definition/for-profit-organization.html>

- Cascade. ND. "McKinsey's Three Horizons of Growth Can Help You to Innovate." Accessed December 13, 2018. <https://www.executestrategy.net/blog/mckinseys-three-horizons-of-growth/>
- Clark, Hélène, Colby, David C., Collins, Eoin, and Taplin, Dana H. 2013. "Theory of Change Technical Papers." ActKnowledge Working Paper.
- Doz, Yves, and Kosonen, Mikko. 2008. "The Dynamics of Strategic Agility: Nokia's Rollercoaster Experience." *California Management Review*, 50 (3): 95-118.
- Franco, Raquel Campos, Sokolowski, S. Wojciech, Hairel, Eileen M. H., and Salamon, Lester M. 2005. "O Sector Não Lucrativo Português numa Perspectiva Comparada." Católica School of Business and Economics, John Hopkins University, O Projecto CNP em Portugal.
- Freeman, R. Edward. 2010. *Strategic Management: A Stakeholder Approach*. Cambridge University Press.
- Fundação Calouste Gulbenkian. *Diagnóstico das ONG em Portugal*. Lisboa: Fundação Calouste Gulbenkian, 2015. Accessed December 27, 2018. https://content.gulbenkian.pt/wp-content/uploads/2017/08/29195743/PCA_DiagnosticoONGPortugal2015.pdf.
- Grant, Robert M. 2005. *Contemporary Strategic Analysis*. Malden: Blackwell.
- INE. 2016. "Conta Satélite da Economia Social." *Destaque*.
- INSP - International Network on Strategic Philanthropy. 2005. *Theory of Change Tool Manual*.
- Johnson, Gerry, and Scholes, Kevan. 1993. *Exploring Corporate Strategy*. New York: Prentice-Hall.
- Keystone. 2008. "Developing a theory of change." IPL Guide 2, June.

- McKinsey&Company. 2009. "Enduring Ideas: The three horizons of growth." Accessed December 6, 2018. <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/enduring-ideas-the-three-horizons-of-growth>
- Mintzberg, Henry. 1994. "The Rise and Fall of Strategic Planning." *Harvard Business Review*, January-February: 109-114.
- Morino, Mario. 2011. *Leap of Reason: Managing to Outcomes in an Era of Scarcity*. Venture Philanthropy Partners.
- Nobel, Carmen. 2011. "How 'Hybrid' Nonprofits Can Stay on Mission." *Harvard Business School Working Knowledge*. Available at: <https://hbswk.hbs.edu/item/how-hybrid-nonprofits-can-stay-on-mission>
- Pedra, Cláudia. 2018. "Planeamento Estratégico." Paper presented at Stone Soup Consulting's Strategic Planning Workshop, Gulbenkian Foundation, Lisbon.
- PORDATA. 2018. "Indicadores de envelhecimento." Accessed November 16, 2018. <https://www.pordata.pt/Portugal/Indicadores+de+envelhecimento-526>
- PORDATA. 2018. "Taxa de intensidade da pobreza." Accessed November 16, 2018. <https://www.pordata.pt/Portugal/Taxa+de+intensidade+da+pobreza-2360>
- Porter, M.E. 1979. *How Competitive Forces Shape Strategy*. Harvard Business Review.
- Santos, Filipe. 2009. "A Positive Theory of Social Entrepreneurship." INSEAD Working Paper.
- Santos, José. 2013. "M.EOS: How General Management Matters." INSEAD Working Paper.
- Tan, Teck-Meng, Wee-Liang, and Williams, John. 2005. "Defining the 'Social' in 'Social Entrepreneurship': Altruism and Entrepreneurship." *The International Entrepreneurship and Management Journal*, 3: 353-365.

9. List of Acronyms

AICEP – Agência para o Investimento e Comércio Externo de Portugal

IEFP – Instituto do Emprego e Formação Profissional

KPIs – Key-Performance Indicators

NGDO – Non-Governmental Development Organization

NGOs – Non-Governmental Organizations

PDOs – Profit-Driven Organizations

SPOs – Social Purpose Organizations

SVC – Social Value Chain

A Work Project, presented as part of the requirements for the Award of a Master Degree in Management from NOVA School of Business and Economics.

APPENDICES
THE STRATEGIC PLANNING PROCESS OF HYBRID ORGANIZATIONS USING THE
THEORY OF CHANGE:
EVIDENCE FROM *PASSO POSITIVO*

Mariana Correia Martins da Luz Costa
(31287)

A Project carried out on the Master in Management Program, under the supervision of:
Professor Miguel Alves Martins.

January 4th, 2019

Table of Contents

1. Introduction.....	2
Appendix 1.1: <i>Passo Positivo</i> 's projects	2
Appendix 1.2: Impact- and Profit-Driven Organizations	3
2. Literature Review.....	4
Appendix 2.1: McKinsey's Strategic Horizons	4
Appendix 2.2: The Balanced Scorecard	5
Appendix 2.3: The Ansoff Matrix	5
Appendix 2.4: The Stakeholder Model.....	6
Appendix 2.5: The Social Value Chain	6
3. Context Analysis.....	7
Appendix 3.1: Portuguese Aging Indicators (1961-2017).....	7
Appendix 3.2: Force Field Analysis of <i>Passo Positivo</i>	8
Appendix 3.3: Mapping <i>Passo Positivo</i> 's stakeholders through a Mendelow Matrix	9
4. The Theory of Change of <i>Passo Positivo</i>	10
Appendix 4.1: Mapping the Theory of Change	10
Appendix 4.2: Detailed Resources of <i>Passo Positivo</i>	11
5. Strategic Change	12
Appendix 5.1: The Social Value Chain in the strategic planning context.....	12
Appendix 5.2: <i>Passo Positivo</i> vision and mission statement – before and after the Theory of Change (in Portuguese)	12
Appendix 5.3: Strategic goals and objectives of <i>Passo Positivo</i>	13
Appendix 5.4: Gantt Chart.....	15
Appendix 5.5: Increment of the number of beneficiaries per project, 2010-2017	16
Appendix 5.6: Indicators for success.....	16
Appendix 5.7: Positioning Matrixes of the Projects.....	17
Appendix 5.8: Organizational Chart.....	18
Appendix 5.9: Strategic Partnerships	19
6. Recommendations.....	20
Appendix 6.1: Eligibility Criteria for IEFP's internships (in Portuguese)	20
Appendix 6.2: Requirements for hosting INOV Contacto interns	23
Appendix 6.3: Erasmus+ Internship Program – Receiving Organization/Enterprise Obligations.....	25
7. Conclusion	26
Appendix 7.1: The Value Creation Framework and the collaborative 5 forces	26

1. Introduction

Appendix 1.1: *Passo Positivo*'s projects

Banco de Fraldas

Banco de Fraldas collects and distributes diapers, for both children and incontinent elder, through low-income families. *Passo Positivo* works as an intermediary, collecting and delivering diapers to partnered organizations, who are responsible to deliver it to the final beneficiaries. *Banco de Fraldas* is a traded mark and one of the few running project of its kind in Portugal.

Vizinhos

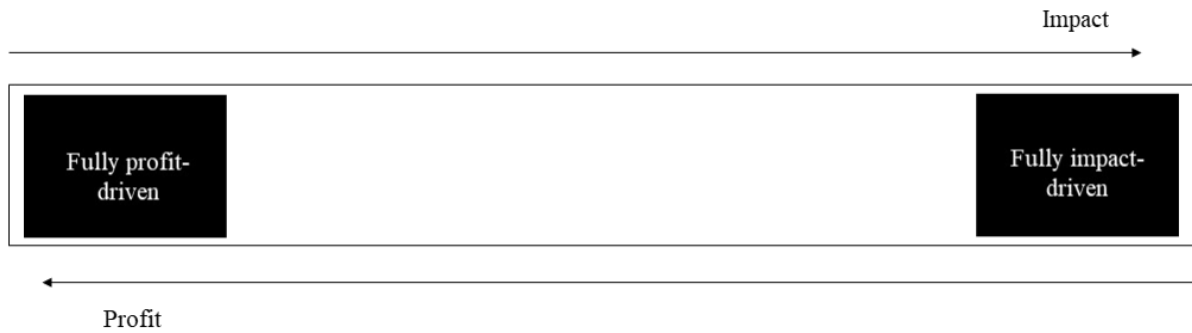
Vizinhos main goal is to reduce and prevent home accidents. *Passo Positivo* provides security material and technical help in houses at risk in partnership with specialists and key entities. Critical situations are marked and, backed-up by social security services, houses are equipped with the required material. *Vizinhos* has a spinoff project, *Casa Sénior*, that runs under the BPI Senior program. *Casa Sénior* is a recent project that aims to reduce home accidents of elderly people, working in the same molds as *Vizinhos*. So far, this is the project that contributed the most for the financial sustainability of the organization.

Humanitus

Humanitus is a training program for humanitarian professionals. It works with NGOs leaders in strategic questions and trains volunteers and professionals in the human rights field. Simultaneously, it prepares volunteers and professionals for situations of stress that might occur during the missions. *Humanitus* works in partnership with the Fernando Pessoa University. *Passo Positivo* has also developed *Passo Seguro*, an educational project that runs workshops and awareness campaigns at schools, addressing topics such as global citizenship and human rights.

Appendix 1.2: Impact- and Profit-Driven Organizations

Figure 1 - Impact- versus Profit-driven organizations and the in-between (hybrid organizations)

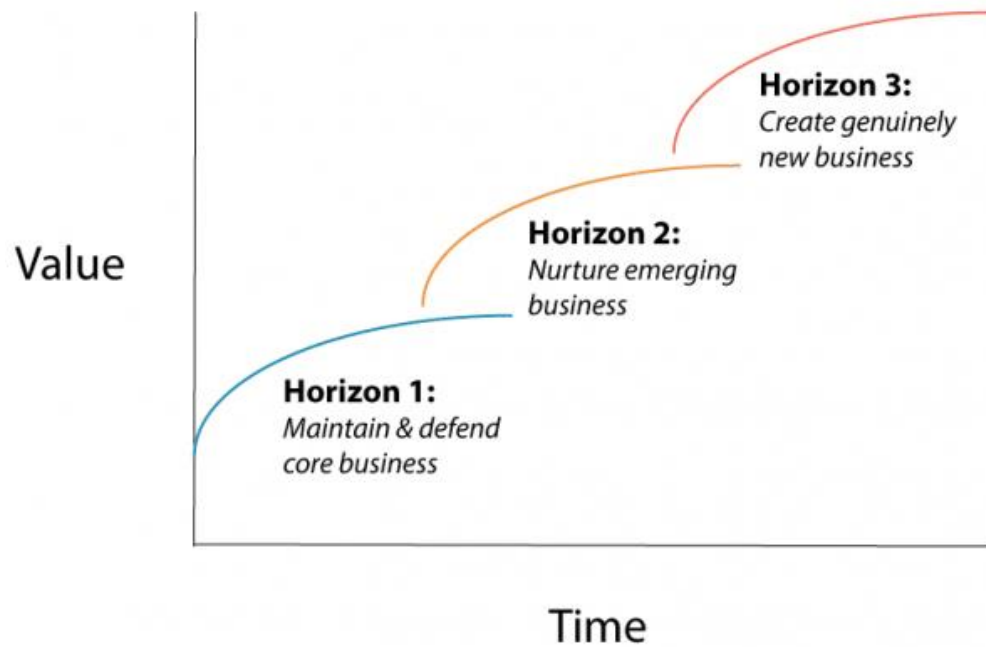


Based on Santos (2009)

2. Literature Review

Appendix 2.1: McKinsey's Strategic Horizons

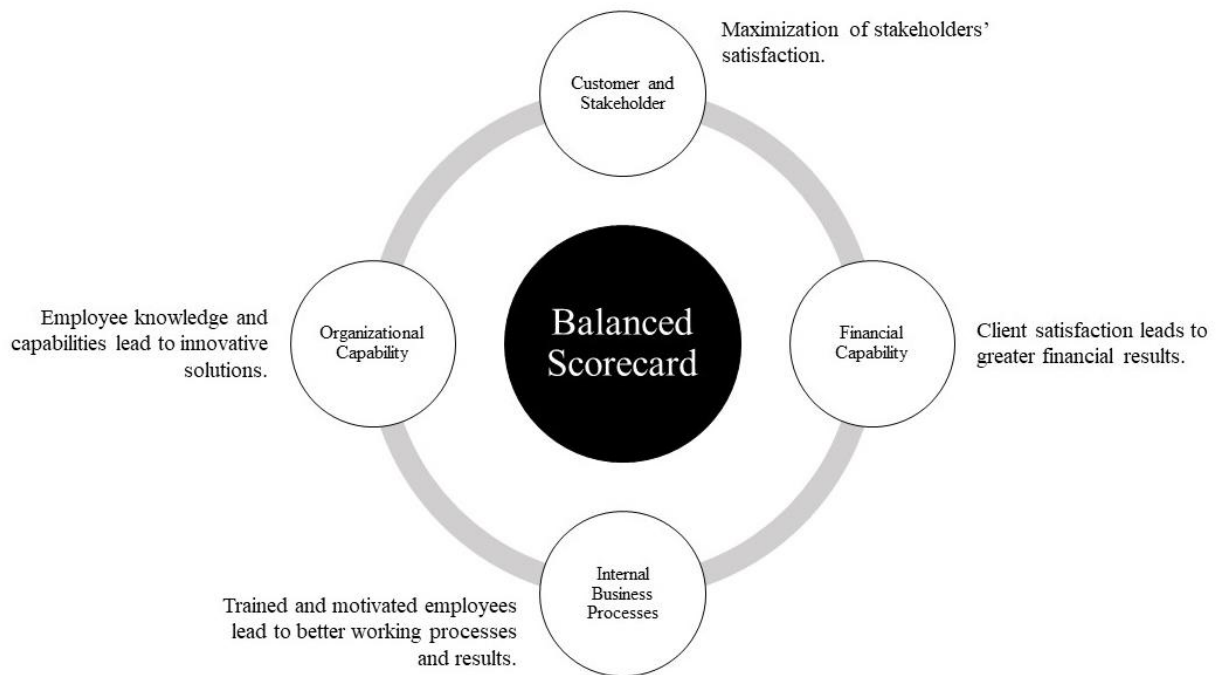
Figure 2 - McKinsey's Strategic Growth Horizons



Source: Cascade

Appendix 2.2: The Balanced Scorecard

Figure 3 - The Balanced Scorecard



Adapted from the Balanced Scorecard Institute

Appendix 2.3: The Ansoff Matrix

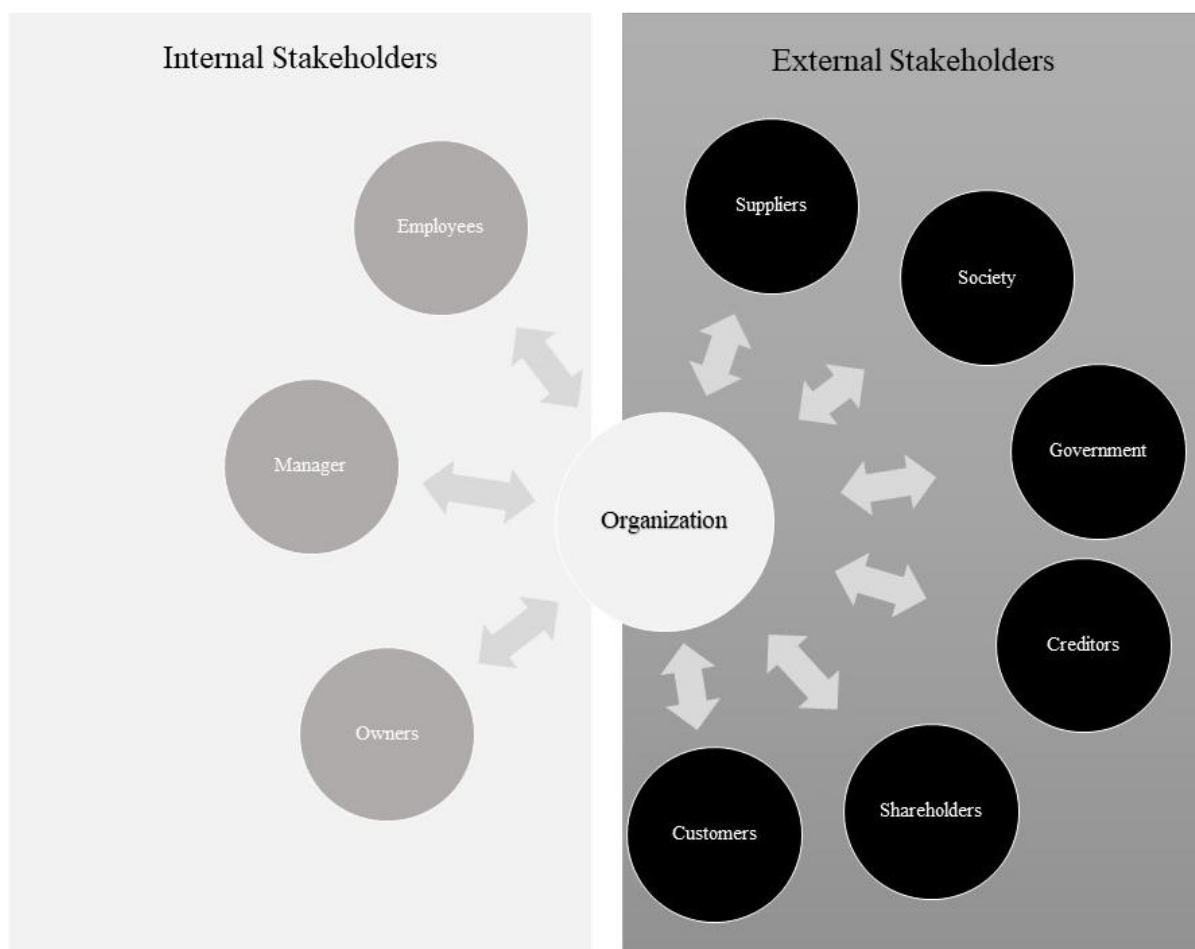
Figure 4 - The Ansoff Matrix

		Products & Services	
		Existing	New
Markets	New	Market Development	Diversification
	Existing	Market Penetration	Product Development

Adapted from Ansoff (1957)

Appendix 2.4: The Stakeholder Model

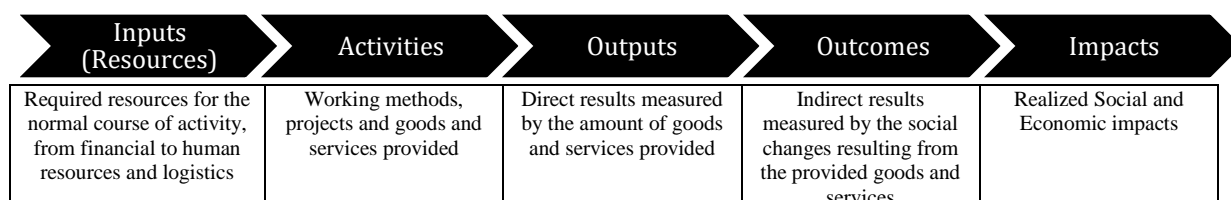
Figure 5 - The Stakeholder Model



Adapted from Freeman (1984)

Appendix 2.5: The Social Value Chain

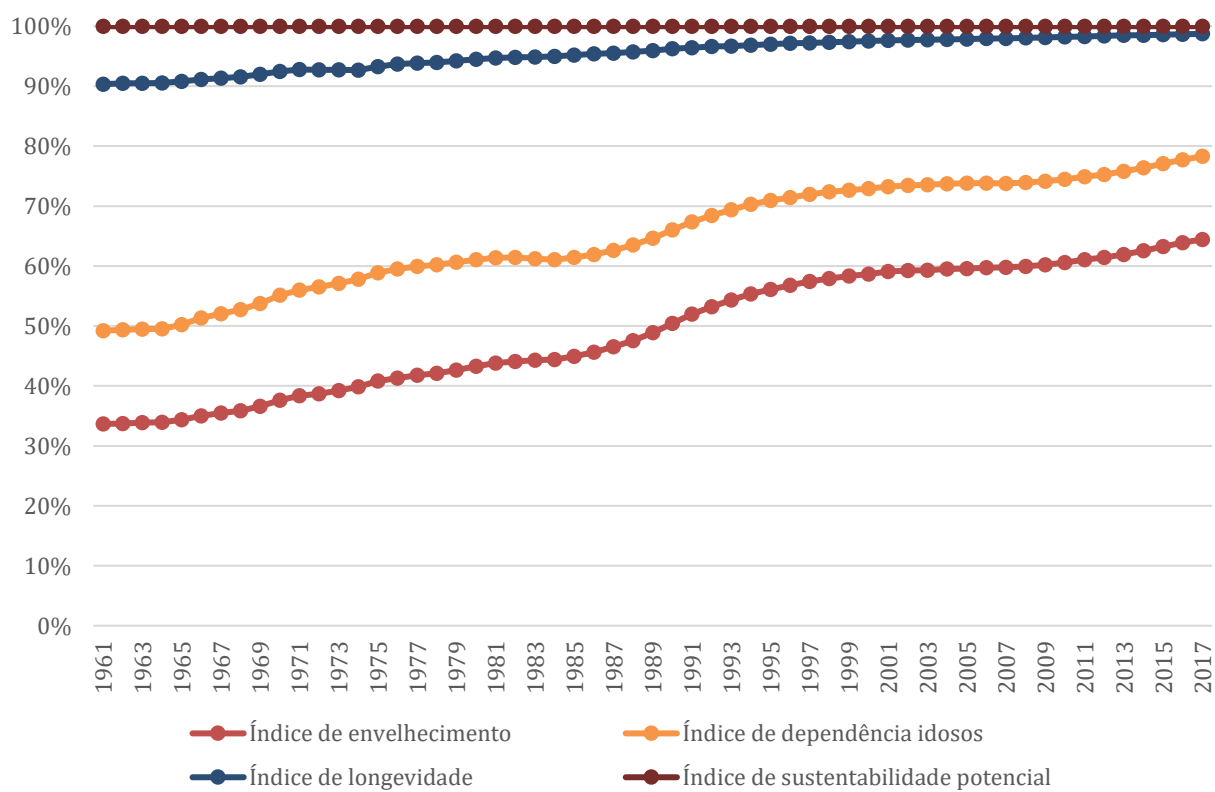
Figure 6: The Social Value Chain in the context of the Theory of Change



3. Context Analysis

Appendix 3.1: Portuguese Aging Indicators (1961-2017)

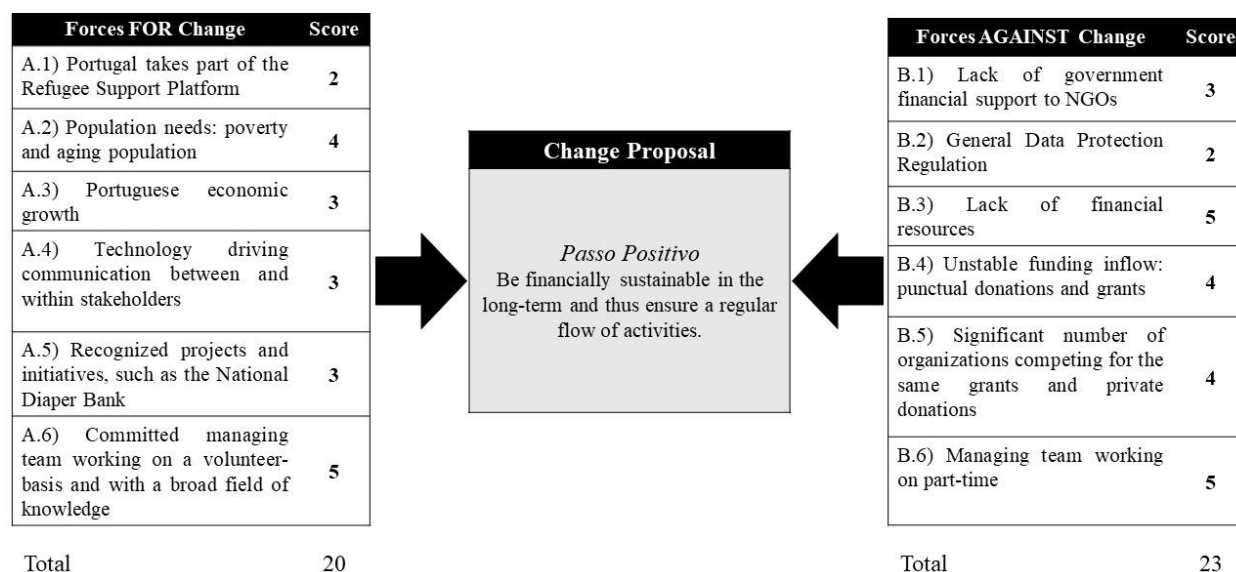
Figure 7: Evolution of the Portuguese Aging Indicators from 1961 to 2017



Source: PORDATA, 2018

Appendix 3.2: Force Field Analysis of *Passo Positivo*

Figure 8 - Force Field Analysis of *Passo Positivo*



Initial Ratio of 20:23

Solutions & Strategies

- Workforce: take advantage of the member's diversity of areas/expertise and commitment to boost the activities (-1 on B.6); join government programs for paid internships, e.g. IEFPP internships (-1 on B.6 and +1 on B.3³²);
- Fundraising: definition of a fundraising strategy in order to diversify the funding sources (-1 on B.4);
- Projects: reframe the communication of the existing projects to key stakeholders.
 - Beneficiaries – increase the number of beneficiaries reached (+1 on A.2) and thus raise more awareness towards the projects (+1 on A.5);
 - Investors – increase the number and frequency of funders by advocating the benefits of donating to NGOs (-1 on B.4) and the perks of each project (-1 on B.5).

Final Ratio of 22:19

³² Associated costs

Appendix 3.3: Mapping *Passo Positivo*'s stakeholders through a Mendelow Matrix

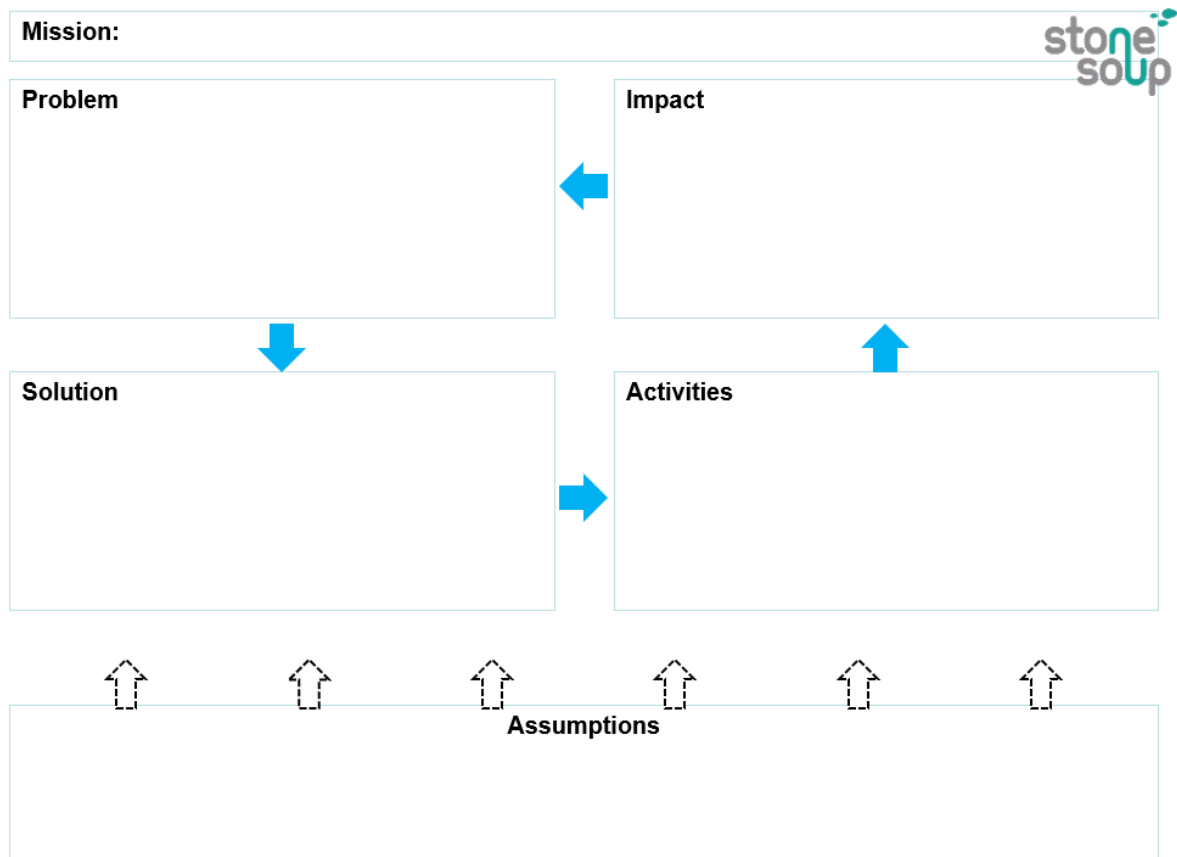
Figure 9: Mendelow's Matrix of *Passo Positivo*

		Level of interest	
		Low	High
Power	Low	General public	Local community Government Individual Donors Competitors
	High	Partners Suppliers Media	Members Funders Beneficiaries

4. The Theory of Change of *Passo Positivo*

Appendix 4.1: Mapping the Theory of Change

Figure 10: The Theory of Change formal mapping



Source: Stone Soup Consulting

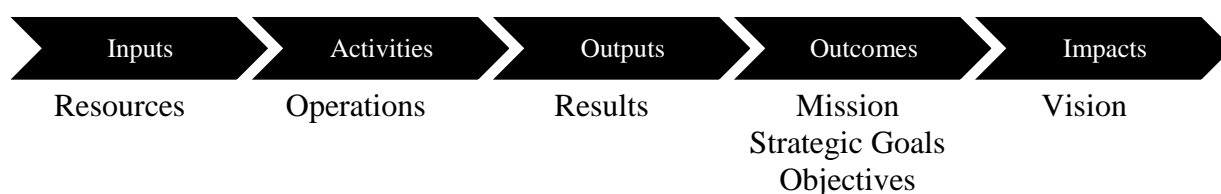
Appendix 4.2: Detailed Resources of *Passo Positivo*

- **Financial Resources:** punctual donations, grants and self-generated income (workshops, training, scientific events, collection of public donations).
- **Human:** employees (volunteers), interns and field-volunteers (operations).
- **Physical/Material:** diapers, technical materials, office (location) and office material.
- **Strategic partnerships:** networks of partners, institutional (universities and schools) and non-institutional partners (logistics, other social organizations, *BPI* and *Fidelidade* for funding needs).

5. Strategic Change

Appendix 5.1: The Social Value Chain in the strategic planning context

Figure 11: The Social Value Chain in the strategic planning context



Appendix 5.2: *Passo Positivo* vision and mission statement – before and after the Theory of Change (in Portuguese)

Before	After
Visão: Assegurar o exercício da cidadania global, através da promoção de segurança e bem-estar de pessoas vulneráveis e das que trabalham em contextos de crise.	Visão: Assegurar o exercício da cidadania global, através da promoção de segurança e bem-estar de pessoas vulneráveis e das que trabalham em contextos de crise.
Missão: Garantir a segurança e bem-estar de pessoas vulneráveis ou que trabalham em situações de crise, colmatando as falhas de apoio em complementaridade com outras instituições, promovendo o aumento das suas competências e criando impacto em diferentes gerações para o exercício da cidadania global.	Missão: Garantir a segurança e bem-estar de pessoas vulneráveis ou que trabalham em situações de crise, colmatando as falhas de apoio em complementaridade com outras instituições, promovendo o aumento das suas competências e criando impacto em diferentes gerações para o exercício da cidadania global.

Source: *Passo Positivo*

Appendix 5.3: Strategic goals and objectives of *Passo Positivo*

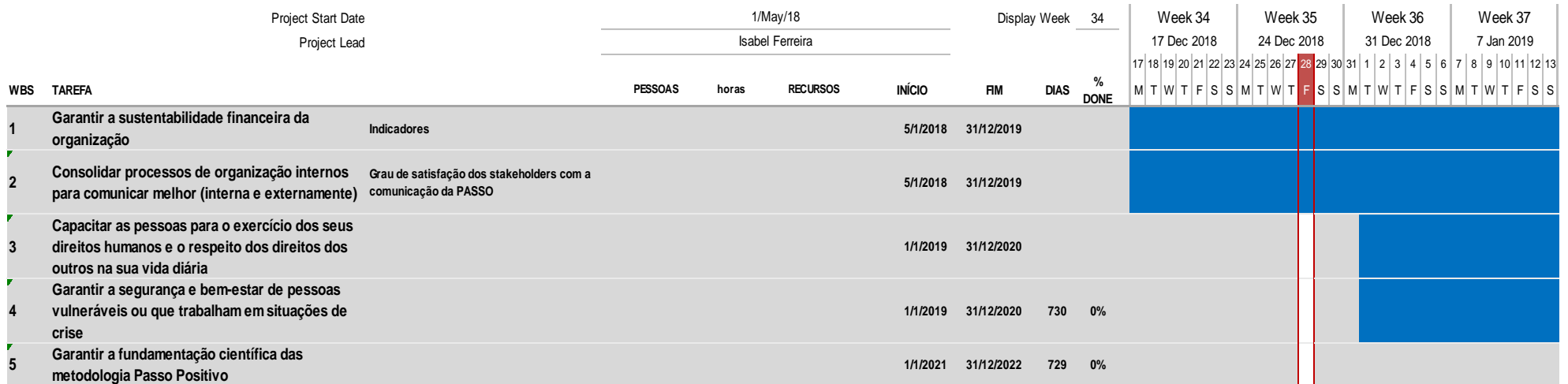
1. Ensure the financial sustainability of the organization.
 - a. Settle and maintain partnerships and funding supports;
 - b. Diversification of sources of finance and fundraising technics.
2. Strengthen internal processes that will allow better communication (internally and externally).
 - a. Implementation of internal communication strategies;
 - b. Foster the organization's image through the diversification of communication instruments and channels.
3. Empower people so they can exercise their human rights on their daily life.
 - a. Pass the human rights knowledge to scholars, society members and professionals.
4. Guarantee the safety and well-being of vulnerable people or the ones working in situations of crisis.
 - a. Decrease the number of home accidents of people with low mobility;
 - b. Improve psychological health of humanitarian volunteers and professionals;
 - c. Provide technical help and support that will guarantee an autonomous life;
 - d. Foster personal, social and working skills;
 - e. Empower people to live in safer homes;
 - f. Raise awareness towards the need of using diapers;
 - g. Train technicians and volunteers in using hygiene and safety rules (*Vizinhas* and *Banco de Fraldas*);

- h. Train in human capital management.
5. Ensure the scientific basis of *Passo Positivo*'s work.
- a. Implement the national and international normative;
 - b. Increase the participation in national and international networks, such as Projeto Esfera;
 - c. Increase the contact with universities, associations, institutes and foundations for scientific and professional ends.

Source: Passo Positivo

Appendix 5.4: Gantt Chart

Figure 12 - Gantt Chart of *Passo Positivo* with Strategic Goals (weeks 34 to 37)



Source: Passo Positivo, Stone Soup Consulting

Appendix 5.5: Increment of the number of beneficiaries per project, 2010-2017

Table 4: Increment of the number of beneficiaries per project between 2010 and 2017

Project	Increase of Beneficiaries (#)
<i>Vizinhos</i>	89
<i>Banco de Fraldas</i>	860
<i>Humanitus</i>	1275

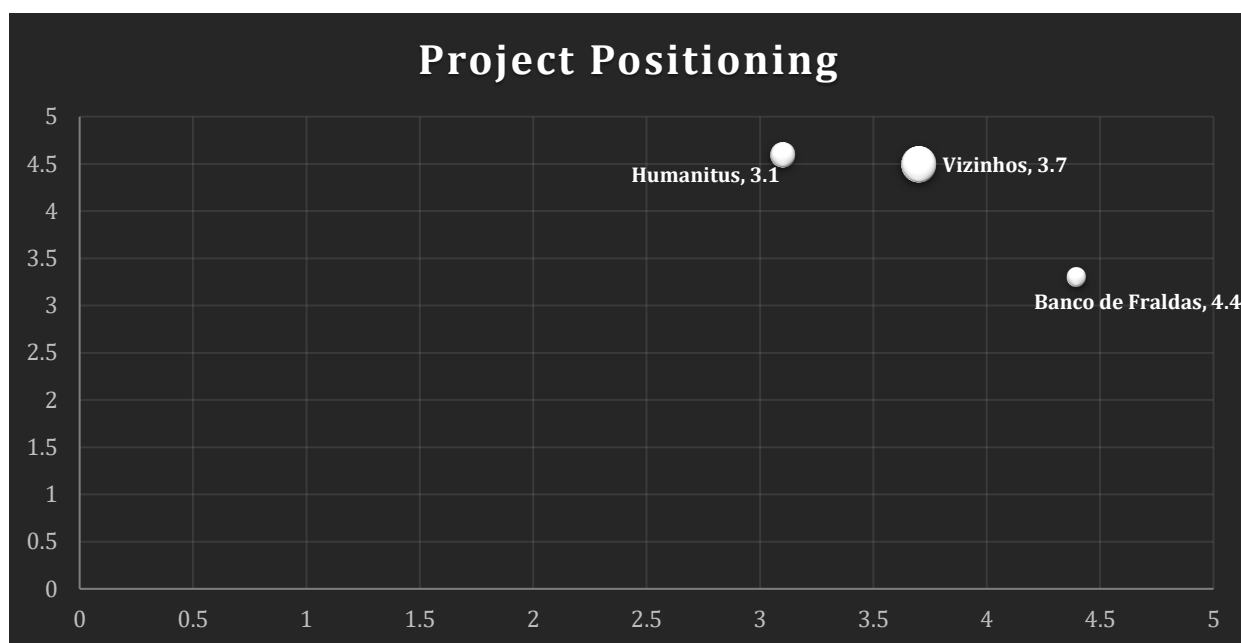
Source: Passo Positivo

Appendix 5.6: Indicators for success

1. Low-income families, children and elderly:
 - a. % of evaluated situations during the first week of the month after the signalization
 - b. Growth percentage (%) of the satisfaction level of the partnering organizations
2. Elderly and people with low-mobility:
 - a. % of people that take house adjustments services
 - b. % of people getting multidisciplinary services
 - c. % of people reached by the multidisciplinary team in the first 5-week days
3. Volunteers and professional humanitarians:
 - a. # of burnout situations in comparison with previous periods
 - b. # of post traumatic situations in comparison with previous periods
 - c. Increase of psychosocial competences (%)
4. Instructors and trainees:
 - a. Increase of human rights insights (%)
 - b. % of contracted initiatives

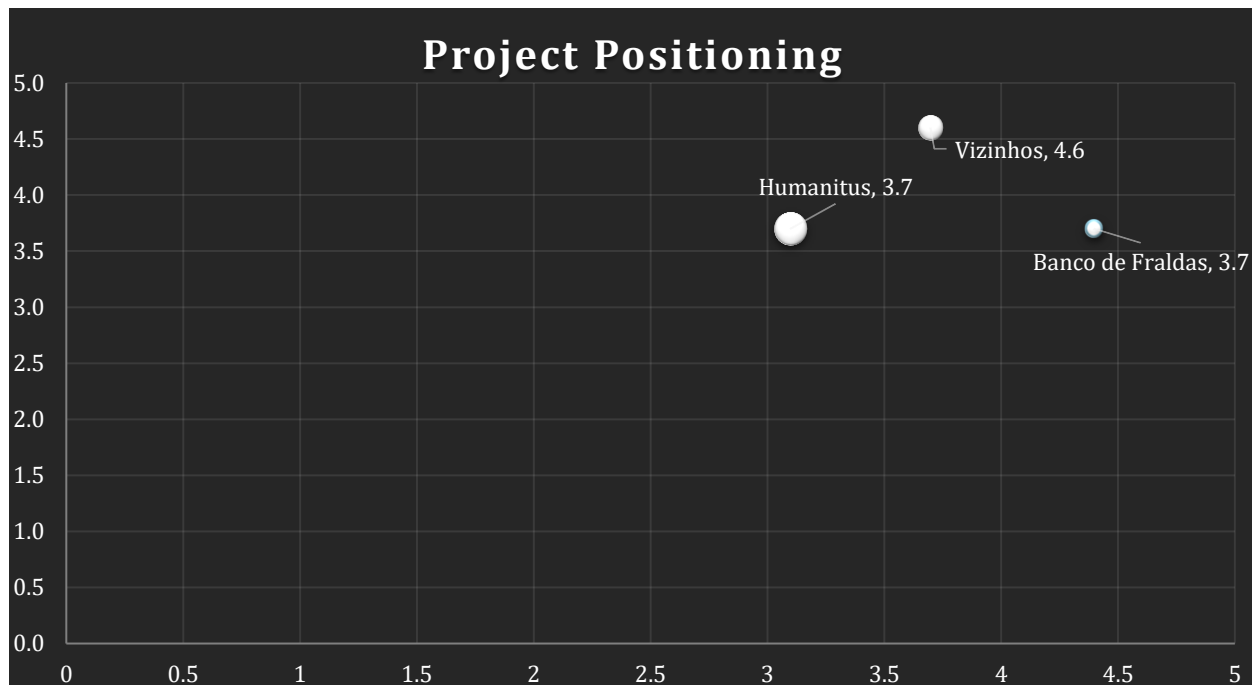
Appendix 5.7: Positioning Matrixes of the Projects

Figure 13: Contribution to Sustainability Matrix



Source: Passo Positivo, Stone Soup Consulting

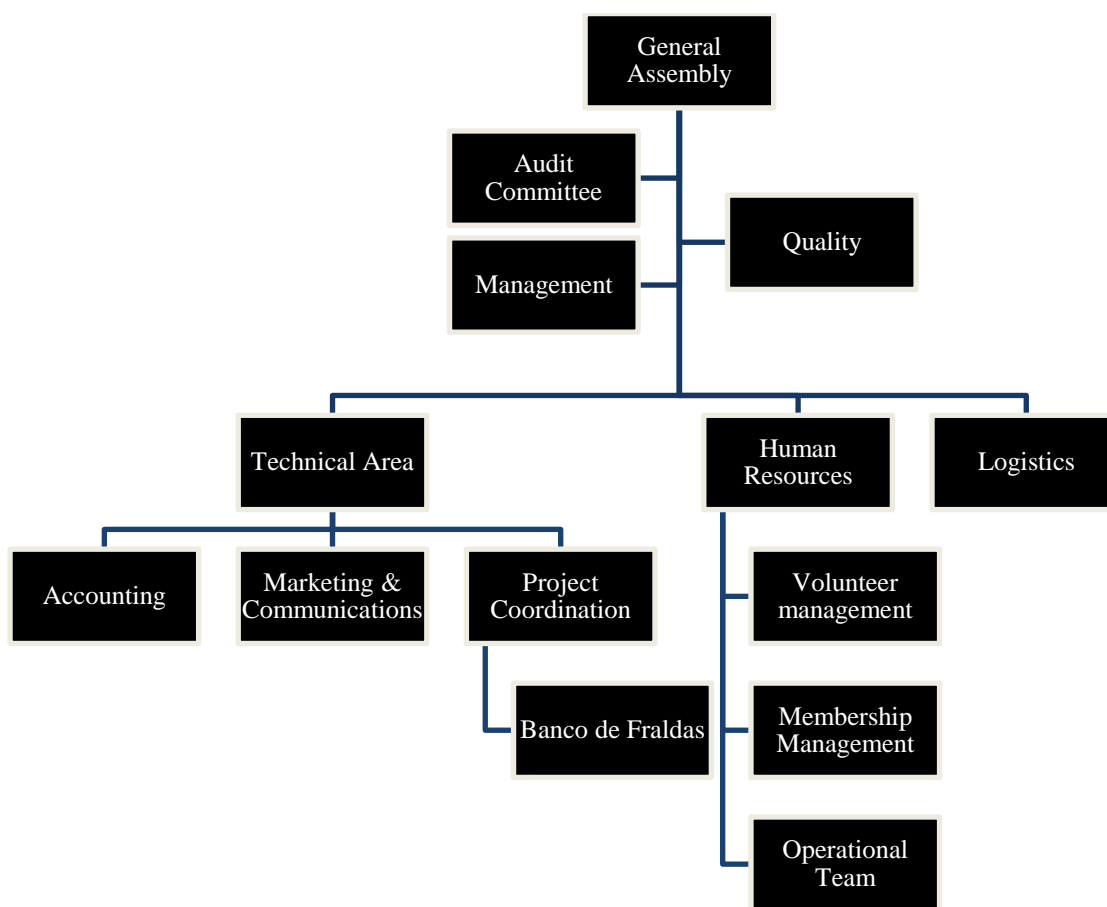
Figure 14: Contribution to Mission Matrix



Source: Passo Positivo, Stone Soup Consulting

Appendix 5.8: Organizational Chart

Figure 15: *Passo Positivo's* organizational chart



Source: Passo Positivo

Appendix 5.9: Strategic Partnerships

Table 5: *Passo Positivo's* Strategic Partnerships

Partner	Sector	Partnership
Contas de Somar	Accounting	Office/Headquarters; office material
OK Teleseguro	Insurance	Access to vehicle insurance
Fernando Pessoa University	Academia	Scientific accreditation (<i>Humanitus</i> project); place for events; access to the community
Matosinhos Habit	Matosinhos' social housing	Material/personel transportation, material assembly and indication of risk situations
Portuguese Association of Rehabilitation Nursing	Professional Association	Promotion
Freiximport	Carpentry	Warehouse for material disposal
Tabanca Pequena (inactive)	ONGD in Guiné-Bissau	International exposure
InsideOut	Coaching	Promotion; discount for members and volunteers; professional humanitarians training; location for training sessions
Markamos	Merchandising and advertisement	Donation of 30€ in diapers per quarter
Meraki	Handicraft	Craft of goods to be sold at local events
UPS	Logistics	Distribution of diapers (nationally)
Escola Secundária Augusto Gomes	Education	Volunteers for collection of goods and fundraising campaigns
Member Associations of <i>Banco de Fraldas</i> Program	IPSS; NGOs; Associations	Distribution of diapers.
+ASSIST	Home-care services	Promotion and 10% discount for members and volunteers
Engaged Research Connecting Community with Higher Education	Academia	ISMAI: academic interns for a feasibility study based on <i>Passo Positivo</i>

Source: Passo Positivo

6. Recommendations

Appendix 6.1: Eligibility Criteria for IEFP's internships (in Portuguese)

As entidades empregadoras que se candidatam devem, desde a data da apresentação da candidatura e durante o período de duração das obrigações decorrentes da concessão do apoio financeiro, reunir as seguintes condições:

- a) Estar regularmente constituída e devidamente registada;
- b) Preencher os requisitos legais exigidos para o exercício da atividade ou apresentar comprovativo de ter iniciado o processo aplicável;
- c) Ter a situação tributária e contributiva regularizada, perante, respetivamente, a autoridade tributária e aduaneira e a segurança social (*), considerando-se, para o efeito, a existência de eventuais acordos ou planos de regularização;
- d) Não se encontrar em situação de incumprimento no que respeita a apoios financeiros concedidos pelo IEFP;
- e) Ter a situação regularizada em matéria de restituições no âmbito dos financiamentos do Fundo Social Europeu;
- f) Dispor de contabilidade organizada de acordo com o previsto na lei;
- g) Não ter pagamentos de salários em atraso (**);
- h) Não ter sido condenada em processo-crime ou contraordenacional por violação de legislação de trabalho, nomeadamente sobre discriminação no trabalho e no acesso ao emprego, nos últimos 3 anos, salvo se da sanção aplicada no âmbito desse processo resultar prazo superior, caso em que se aplica este último;

i) Não terem sido condenadas, nos dois anos anteriores à candidatura, por despedimento ilegal de grávidas, puérperas ou lactantes.

Os requisitos referidos nas alíneas a), b) e e) a h) consideram-se reunidos através da declaração da entidade constante na candidatura, na qual se compromete a cumprir os requisitos de acesso aos apoios.

A observância dos requisitos previstos é exigida no momento do registo da oferta de emprego e durante o período de duração das obrigações decorrentes da concessão do apoio financeiro.

(*) O requisito referido na alínea c) é verificado antes da decisão sobre a candidatura e antes de ser efetuado cada pagamento.

(**) O requisito referido na alínea g) não se aplica às empresas que iniciaram processo especial de revitalização, previsto no CIRE, ou no SIREVE.

A verificação da situação contributiva regularizada perante a Segurança Social é efetuada pelo IEFP, IP através de informação dos serviços competentes da Segurança Social.

Para o efeito, na candidatura a entidade declara “Que autoriza os serviços competentes da Segurança Social a comunicar ao IEFP, IP informação relevante, para efeitos de concessão do apoio requerido”.

A verificação da situação contributiva regularizada perante a Autoridade Tributária e Aduaneira poderá ser efetuada:

a) Mediante consentimento da entidade ao IEFP, IP para consulta on-line da situação regularizada perante a autoridade tributária e aduaneira;

ou

b) Mediante disponibilização, na área pessoal da entidade, das respetivas certidões comprovativas.

O consentimento ou a disponibilização das certidões referidas são obrigatórios em sede de submissão de candidatura, sob pena de esta não ser considerada.

Source: Instituto do Emprego e Formação Profissional (IEFP)

Appendix 6.2: Requirements for hosting INOV Contacto interns

Provide the intern with professional training at the entity's facilities, as does for its own employees and shall provide: Working conditions, training and the necessary support to achieve the goals set by the INOV Contacto Program and the defined internship plan;

Allocate a job station with all the necessary equipment, namely a computer for intern's working activities;

Allow the intern to have access to his/her email account and <http://beta.networkcontacto.com>, INOV Contacto's online platform NetworkContacto, since it is his/her main line of communication with the INOV Contacto coordinating team, as well as to prepare and deliver any reports that may be requested by AICEP;

Ensure that the internship will take place in the company's facilities, either in Portugal or abroad, or in other places previously checked by AICEP;

Ensure/support and housing solution whenever the intern is moved from his/her area of residence for more than 50km, if the option to host an internship in Portugal, during the first phase, is activated;

Support all costs related to business travel during the internship abroad. If the business travel implies entering a different country, then it shall be previously agreed with the coordinating team of INOV Contacto so that the insurance policies can be activated in due time. In the latter case, the Host Entity shall provide all visa and other necessary and related arrangements;

Follow the objectives and work plan in accordance with the description and tasks included in the internship plan;

Provide the necessary support, where the monthly allowance received by the intern, during the internship period abroad, is not considered sufficient for the proper accommodation of the intern in the defined location;

Assign an internship supervisor, both in Portugal (if applicable) and abroad, who can effectively monitor the intern throughout the internship period and provide a serious and regular assessment of the execution of the proposed internship plan;

Approve the internship timesheet submitted by the intern each month, after confirming it corresponds to reality;

Provide AICEP with the progress reports (mid-term and final reports) regarding the intern's performance and level of accomplishment of the internship plan;

Contact AICEP whenever there is a change in the proposed internship plan and/or it becomes impossible to carry on the internship itself;

Assure the internship will be continuous and uninterrupted with the necessary adjustments to the Host Entity rules and policies as well as the region's own characteristics;

Inform the coordinating team of INOV Contacto with a 60 days' notice if the Entity closes for a holiday period.

Source: Agência para o Investimento e Comércio Externo de Portugal

Appendix 6.3: Erasmus+ Internship Program – Receiving Organization/Enterprise Obligations

Before mobility: The Receiving Organization/Enterprise should provide appropriate support, including mentoring, supervision and equipment, to the trainee. The Receiving Organization/Enterprise should also specify whether it will provide financial support and/or a contribution in kind for the trainee, on top of the Erasmus+ grant. The Receiving Organization/Enterprise commits to issue a Traineeship Certificate within 5 weeks after the end of the traineeship.

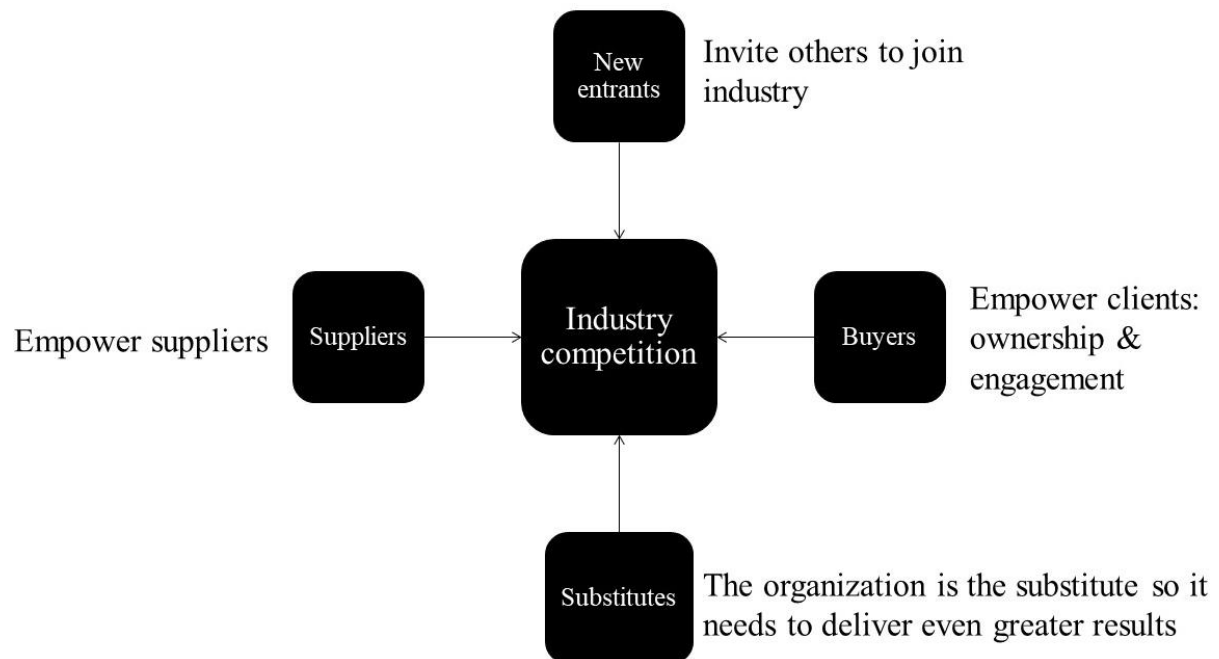
After mobility: After the mobility, the Receiving Organization/Enterprise should send a Traineeship Certificate to the trainee and Sending Institution, normally within five weeks after successful completion of the traineeship. It can be provided electronically or through any other means accessible to the trainee and the Sending Institution. The Traineeship Certificate will contain at least the information in Table D. The actual start and end dates of the traineeship program should be included according to the following definitions: - The start date of the traineeship period is the first day the trainee has been present at the Receiving Organization/Enterprise to carry out his/her traineeship. For example, this could be the first day of work, a welcoming event organized by the Receiving Organization/Enterprise, an information session for trainees with special needs, a language and intercultural course organized either by the Receiving Organization/Enterprise or other Organizations (if the Sending Institution considers it relevant for the mobility). - The end date of the traineeship period is the last day the trainee has been present at the receiving Organization/Enterprise to carry out his/her traineeship, not his actual date of departure.

Source: European Commission

7. Conclusion

Appendix 7.1: The Value Creation Framework and the collaborative 5 forces

Figure 16 - The Value Creation Framework applied to Porter's Five Forces



Based on Santos (2009); retrieved from Class 5 of the Masters in Management course, Management of Nonprofit Organizations, lectured by Professor Miguel Alves Martins